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A Professional Corporation
Certified Public Accountants and Consultants

OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA, INC.

Financial Statements

June 30, 2009 and 2008

With Independent Auditors' Reports

Opportunities Industrialization Centers of America, Inc.
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June 30, 2009 and 2008

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Independent Auditors' Report

To the Board of Directors,
Opportunities Industrialization Centers of America, Inc.:

We have audited the accompanying statements of financial position of Opportunities Industrialization Centers of America, Inc. as of June 30, 2009 and 2008 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Opportunities Industrialization Centers of America, Inc. as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2010 on our consideration of Opportunities Industrialization Centers of America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audits were performed for the purpose of forming an opinion on the basic financial statements of Opportunities Industrialization Centers of America, Inc. taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

WithumSmith+Brown, PC

May 6, 2010

Opportunities Industrialization Centers of America, Inc.
Statements of Financial Position
June 30, 2009 and 2008

	2009	2008
Assets		
Current assets		
Cash	\$ 212,037	\$ 194,792
Grants and contracts receivable	12,009	51,711
Accounts receivable - OSC	--	6,235
Prepaid expenses	2,184	15,349
Other current assets (net of allowance for uncollectible accounts of \$0 and \$11,739 at June 30, 2009 and 2008, respectively)	<u>29,000</u>	<u>7,031</u>
Total current assets	255,230	275,118
Property and equipment		
Furniture, fixtures and equipment	749,548	749,548
Leasehold improvements	<u>111,353</u>	<u>132,682</u>
	860,901	882,230
Less: Accumulated depreciation	<u>787,682</u>	<u>768,845</u>
Property and equipment, net	73,219	113,385
Other assets		
Non-operating property, net	81,051	81,051
Security deposits	<u>14,861</u>	<u>10,961</u>
Total other assets	<u>95,912</u>	<u>92,012</u>
	<u>\$ 424,361</u>	<u>\$ 480,515</u>
Liabilities and Net Assets (Deficit)		
Current liabilities		
Line of credit	\$ 61,926	\$ 69,926
Accounts payable and accrued expenses	415,033	510,585
Accounts payable - OSC	1,874	--
Grants and contracts payable	24,332	31,423
Deferred income	5,242	--
Accrued profit sharing expense	--	11,068
Accrued vacation pay	<u>22,878</u>	<u>40,353</u>
Total current liabilities	531,285	663,355
Net assets (deficit)		
Unrestricted	(106,924)	(182,840)
Temporarily restricted	<u>--</u>	<u>--</u>
Total net assets (deficit)	<u>(106,924)</u>	<u>(182,840)</u>
	<u>\$ 424,361</u>	<u>\$ 480,515</u>

The Notes to Financial Statements are an integral part of these statements.

Opportunities Industrialization Centers of America, Inc.
Statements of Activities
Years Ended June 30, 2009 and 2008

	2009			2008		
	Unrestricted Operating	Temporarily Restricted	Total	Unrestricted Operating	Temporarily Restricted	Total
Revenues and support						
Contributions	\$ 87,115	\$ --	\$ 87,115	\$ 248,490	\$ --	\$ 248,490
Government grants and contracts	2,077,976	--	2,077,976	2,546,546	--	2,546,546
Convocation	--	--	--	49,368	--	49,368
Affiliated membership fees	42,000	--	42,000	46,500	--	46,500
Rental income	14,209	--	14,209	14,904	--	14,904
Other	26,228	--	26,228	26,138	--	26,138
In-kind revenue	98,333	--	98,333	--	--	--
	<u>2,345,861</u>	<u>--</u>	<u>2,345,861</u>	<u>2,931,946</u>	<u>--</u>	<u>2,931,946</u>
Net assets released due to satisfaction of purpose restrictions	--	--	--	26,300	(26,300)	--
	<u>2,345,861</u>	<u>--</u>	<u>2,345,861</u>	<u>2,958,246</u>	<u>(26,300)</u>	<u>2,931,946</u>
Expenses						
Training and technical assistance	1,834,610	--	1,834,610	2,451,673	--	2,451,673
Resource development	6,382	--	6,382	36,860	--	36,860
General and administrative	428,953	--	428,953	597,364	--	597,364
	<u>2,269,945</u>	<u>--</u>	<u>2,269,945</u>	<u>3,085,897</u>	<u>--</u>	<u>3,085,897</u>
Changes in net assets	75,916	--	75,916	(127,651)	(26,300)	(153,951)
Net assets (deficit) - beginning of year	<u>(182,840)</u>	<u>--</u>	<u>(182,840)</u>	<u>(55,189)</u>	<u>26,300</u>	<u>(28,889)</u>
Net assets (deficit) - end of year	<u>\$ (106,924)</u>	<u>\$ --</u>	<u>\$ (106,924)</u>	<u>\$ (182,840)</u>	<u>\$ --</u>	<u>\$ (182,840)</u>

The Notes to Financial Statements are an integral part of these statements.

Opportunities Industrialization Centers of America, Inc.
Statements of Functional Expenses
Years Ended June 30, 2009 and 2008

	2009				2008			
	Training and Technical Assistance	Resource Development	General and Administrative	Total	Training and Technical Assistance	Resource Development	General and Administrative	Total
Salaries and wages	\$ 731,073	\$ 3,404	\$ 125,977	\$ 860,454	\$ 950,525	\$ 26,000	\$ 298,861	\$ 1,275,386
Fringe benefits	218,474	974	53,647	273,095	349,255	8,060	117,884	475,199
In-kind								
Salaries, wages and fringe benefits	--	--	98,333	98,333	--	--	--	--
Professional fees and contracted services	349,316	--	24,378	373,694	463,356	--	23,706	487,062
Meetings, conferences and travel	23,899	2,004	11,056	36,959	177,125	2,000	12,647	191,772
Occupancy	264,859	--	51,839	316,698	242,534	--	51,842	294,376
Telephone	44,285	--	5,536	49,821	38,701	--	8,128	46,829
Office supplies	110,899	--	4,649	115,548	75,658	--	2,422	78,080
Printing	100	--	--	100	16,322	800	8,551	25,673
Computer expense	17,187	--	1,226	18,413	22,331	--	2,294	24,625
Repairs and maintenance	8,832	--	1,528	10,360	7,291	--	4,274	11,565
Equipment rental and small purchases	17,443	--	1,378	18,821	14,356	--	4,700	19,056
Participant support	--	--	--	--	70,288	--	--	70,288
Postage and shipping	1,078	--	1,616	2,694	7,492	--	4,545	12,037
Insurance	14,206	--	--	14,206	7,052	--	2,999	10,051
Advertising	--	--	150	150	2,109	--	1,810	3,919
Dues, subscription and membership fees	355	--	--	355	1,760	--	826	2,586
Depreciation	--	--	36,219	36,219	--	--	42,821	42,821
Interest expense	--	--	3,450	3,450	--	--	5,755	5,755
Staff development	2,000	--	--	2,000	875	--	--	875
Miscellaneous	30,604	--	5,778	36,382	4,643	--	3,299	7,942
Bad debt expense	--	--	2,193	2,193	--	--	--	--
	<u>\$ 1,834,610</u>	<u>\$ 6,382</u>	<u>\$ 428,953</u>	<u>\$ 2,269,945</u>	<u>\$ 2,451,673</u>	<u>\$ 36,860</u>	<u>\$ 597,364</u>	<u>\$ 3,085,897</u>

The Notes to Financial Statements are an integral part of these statements.

Opportunities Industrialization Centers of America, Inc.
Statements of Cash Flows
Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Changes in net assets	\$ 75,916	\$ (153,951)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	36,219	42,821
Bad debt expense	2,193	--
Loss on disposal of leasehold improvements	3,947	--
Changes in net assets and liabilities		
Grants and contracts receivable	39,702	9
Accounts receivable, OSC	6,235	(6,235)
Prepaid expense	13,165	9,369
Contributions receivable	--	35,000
Other current assets	(24,162)	28,352
Security deposits	(3,900)	--
Accounts payable and accrued expenses	(95,552)	124,360
Accounts payable, OSC	1,874	--
Grants and contracts payable	(7,091)	11,661
Stipends payable	--	(47,867)
Deferred income	5,242	(23,200)
Accrued profit sharing	(11,068)	(1,821)
Accrued vacation pay	(17,475)	(68,462)
Net cash provided (used) by operating activities	<u>25,245</u>	<u>(49,964)</u>
Cash flows from financing activities		
Net repayments under line of credit	<u>(8,000)</u>	<u>--</u>
Net cash used by financing activities	<u>(8,000)</u>	<u>--</u>
Net increase (decrease) in cash	17,245	(49,964)
Cash		
Beginning of year	<u>194,792</u>	<u>244,756</u>
End of year	<u>\$ 212,037</u>	<u>\$ 194,792</u>
Supplemental disclosure of cash flow information		
Disclosure of cash flow information		
Interest paid	\$ 3,450	\$ 5,755
Taxes paid	\$ --	\$ --

The Notes to Financial Statements are an integral part of these statements.

Opportunities Industrialization Centers of America, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

1. Organization and Purpose of the Corporation

Opportunities Industrialization Centers of America, Inc. (the "Corporation") is a Pennsylvania private, not-for-profit corporation established in 1970. The Corporation provides education, training and employment services, in Philadelphia, Pennsylvania and provides technical assistance to local affiliated organizations, nationwide that will enable economically disadvantaged and unemployed people of all races and backgrounds to become productive and more fulfilled members of American society.

2. Summary of Significant Accounting Policies

Revenue and Support Recognition

During the year ended June 30, 2009 the Corporation had accounting transactions in the unrestricted net asset category. Unrestricted net assets are assets that are not subject to donor imposed restrictions.

During 2008 the Corporation had transactions in the unrestricted net asset category and the temporarily restricted net asset category. Temporarily restricted net assets are assets subject to donor imposed, purpose and time restrictions.

Contributions are recognized as revenue when they are received or unconditionally pledged. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Corporation accounts for grant and contract revenues, which are deemed to be exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contracts are recorded as a liability to the grantor as the Corporation does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statements of financial position.

Stipends payable is made up of matching stipend payments, and interest earned on the associated accumulated balances, which will be due to participants if and when they successfully complete the respective programs. Balances due to participants who do not successfully complete their respective programs are refundable to the funding foundation.

Affiliated Membership Fees

Affiliated membership fees are annual dues received from a network of local affiliated organizations. The dues received are divided in half, with one portion earmarked for general operations of the Corporation inclusive of National Board activities and one portion being set aside for the use of services provided to the affiliates inclusive of travel and other expenses incurred related to attendance of Opportunities Industrializations Centers of America, Inc. sponsored events. Affiliated membership fees were \$42,000 and \$46,500 in the fiscal years ended June 30, 2009 and 2008, respectively.

Property and Equipment

Property and equipment is carried at cost. Property and equipment contributed to the Corporation is recorded at the appraised fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets by the straight-line method. Maintenance, repairs and minor renewals are charged to operations as incurred.

Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentration of credit risk consist of cash, grants and contract revenue from the Federal Government, other non-profit organizations and contributions receivable.

Opportunities Industrialization Centers of America, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

The Corporation places its cash in high credit quality financial institutions and, at times, the amounts may exceed the insurance protection limits provided by the Federal Deposit Insurance Corporation. The Corporation does not believe any significant credit risk exists with respect to these investments.

Grants and contracts from the Federal Government and other non-profit organizations accounted for 94 percent and 87 percent of total revenue and support for the years ended June 30, 2009 and 2008, respectively. Grants and contracts from the Federal Government and other non-profit organizations are for set periods of time and subject to renewal.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was \$150 and \$3,919 for the years ended June 30, 2009 and 2008, respectively.

Financial Instruments

The carrying amount of financial instruments including cash, grant and contract receivables, other receivables, line of credit, accounts payable, accrued expenses and deferred revenue approximates fair value due to the relatively short maturity of these financial instruments. The carry value of the line of credit approximates its fair value as the interest rate on the line is related to current market rates.

Valuation of Long-Lived Assets

In accordance with the accounting pronouncements on impairment or disposal of long-lived assets the Corporation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstance indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

In-Kind Revenue and Expense

During the year ended June 30, 2009 The Reverend Leon H. Sullivan Foundation, an unrelated non-profit entity, paid the salary and fringe benefits of the President and Chief Operation Officer of the Corporation, in the amount of \$98,333. This amount is recognized as both in-kind revenue in the 2009 Statement of Activities and an in-kind expense in the 2009 Statement of Functional Expenses.

3. Income Taxes

The Corporation qualifies as a tax-exempt 501(c)(3) corporation under the Internal Revenue Code. Accordingly, it is not subject to Federal or state income taxes.

The Corporation has deferred the application of FIN 48 "Accounting for Uncertainty in Income Taxes" in accordance with Financial Accounting Standards Board ("FASB") Financial Staff Position FIN 48-3 until the first fiscal year beginning after December 15, 2008. The Corporation's accounting policy is to evaluate uncertain tax positions in accordance with FASB No. 5 "Accounting for Contingencies".

Opportunities Industrialization Centers of America, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

4. Grants and Contracts Receivable and Payable

The Corporation operates its programs under various grants and contracts. At June 30, 2009 and 2008 the Corporation was due certain amounts from funding sources for expenditures incurred or services rendered in excess of payments received. In addition, the Corporation received advances from certain funding sources which represent payments received in excess of expenditures incurred. The following details the grants and contracts receivable and advance balances at June 30, 2009 and 2008.

Grants and Contracts Receivable

	2009	2008
City of Philadelphia - Safe and Sound	\$ --	\$ 3,775
U.S. Department of Health and Human Services	1,000	--
Philadelphia Youth Network		
Integrated Career and Education Program	--	24,378
Philadelphia School District - Career and		
Academic Development Institute	11,009	11,011
Center for Self Sufficiency, Inc.	--	12,547
	<u>\$ 12,009</u>	<u>\$ 51,711</u>

Grants and Contracts Payable

	2009	2008
U.S. Department of Health and Human Services	\$ 20,668	\$ 27,759
Pennsylvania Department of Education	3,664	3,664
	<u>\$ 24,332</u>	<u>\$ 31,423</u>

5. Depreciation and Property and Equipment

Depreciation amounted to \$36,219 in 2009 and \$42,821 in 2008. The principal rates used for computing depreciation are as follows:

Description	Rates Per Annum
Furniture, fixtures and equipment	20%
Leasehold improvements	7 - 20%

6 Non-Operating Property, Net

The Corporation holds title to a parcel of land in the City of Philadelphia, Pennsylvania at a recorded cost of \$81,051 in the financial statements.

7. Line of Credit

The line of credit bank consists of a \$100,000 line of credit with Citizens bank, payable on demand with monthly interest payments at 1 percent above the bank's prime rate. The interest rate charged ranged from 4.25 percent to 9.25 percent for 2009 and 2008. The note is collateralized by a security interest in all the assets and accounts of the Corporation. The Corporation was liable to the bank for \$61,926 and \$69,926 on the line of credit at June 30, 2009 and 2008, respectively. There is no stated formal expiration date on the line of credit.

Opportunities Industrialization Centers of America, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

8. Profit Sharing Plan

The Corporation has a profit sharing plan that is open to all employees on their first day of employment. Vesting in the plan is based upon the completion of 1,000 hours of service on an annual calendar year basis. The Corporation's annual contribution is on a discretionary basis, with the contribution credited to each plan participant in the proportion each participant's compensation bears to total compensation. For the years ended June 30, 2009 and 2008, the Corporation made contributions to the profit sharing plan totaling \$-0- and \$63,769, respectively. It is the Corporations' policy to fund the plan currently.

9. Related Party Transactions

The Corporation, in the ordinary course of business, engages in transactions with Opportunities Service Corp., which is related through common officers and members of the board of directors. The Corporation subleased office space to OSC and incurred expenses in administrative services for which OSC was billed in the years ended June 30, as follows:

	2009	2008
Space rental	\$ 14,209	\$ 14,904
Supplies, and equipment usage	2,149	16,265
Total billed to OSC	<u>\$ 16,358</u>	<u>\$ 31,169</u>

Amounts due from (to) OSC as of June 30, 2009 and 2008 totaled \$(1,874) and \$6,235, respectively. The amounts due (to) or from OSC are unsecured, non-interest bearing with no stated payment or repayment terms.

In addition, the Corporation retains a member of the Board of Directors to perform legal services. Payments to the Board member for legal services totaled \$24,516 and \$26,665 for the years ended June 30, 2009 and 2008, respectively.

10. Other Matters

Certain 2008 amounts have been reclassified to conform to the June 30, 2009 financial statement presentation. The reclassifications resulted in no change in the 2008 change in net assets previously reported.

11. Rental Lease

The Corporation rents space to Opportunities Services Corporation, a related entity (see Note 9), under an informal month to month agreement at an annual rate of approximately \$14,900.

12. Commitments

The Corporation moved its administrative and programmatic office space in February, 2009 to a smaller space provided by the same landlord. The non-cancelable lease for the new space, which expires on January 31, 2011, has a monthly rent of \$3,900. Prior to February 2009, the Corporation was subject to a non-cancelable lease for its administrative and programmatic office space with monthly rent of approximately \$12,700 per month. In addition the Corporation rents space to run the Career & Academic Development Institute under a lease which is renewable based on the continuation of the program. Monthly rental for this space is approximately \$15,300. Rent expense for years ended June 30, 2009 and 2008 was \$316,698 and \$294,376, respectively. Minimum annual rentals for the remaining lease term are as follows:

Years Ending June 30,	Amount
2010	\$ 203,200
2011	46,800

Opportunities Industrialization Centers of America, Inc.
Notes to Financial Statements
June 30, 2009 and 2008

13. Subsequent Events

The Corporation has evaluated subsequent events occurring after the statement of financial position date through May 6, 2010, which is the date the financial statements were available to be issued. Based on this evaluation the Corporation determined that no subsequent events have occurred which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Opportunities Industrialization Centers of America, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
U.S. Department of Labor Pass-through program from Philadelphia Youth Network WIA Youth Activities	17.259	93860	\$ <u>48,344</u>
U.S. Department of Health and Human Services Direct Program Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FE0016/03	450,659
Pass-through program from Center for Self Sufficiency, Inc. Total U.S. Department of Health and Human Services	93.010	CBAE 07/08	<u>14,777</u> <u>465,436</u>
 Total Federal awards			 <u>\$ 513,780</u>

See Independent Auditors' Report.
See accompanying Notes to Schedule of Expenditures of Federal Awards.

Opportunities Industrialization Centers of America, Inc.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. General Information

The accompanying schedule of expenditures of Federal awards presents the activities in all the Federal awards programs of Opportunities Industrialization Centers of America, Inc. All financial awards received directly from Federal agencies as well as financial awards passed through other governmental agencies or not-for-profit organizations are included in the schedule.

2. Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis accounting.

3. Relationship to Basic Financial Statements

Federal award expenditures are reported on the statements of functional expenses as program services. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the schedule of expenditures of Federal awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

See Independent Auditors' Report.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors,
Opportunities Industrialization Centers of America, Inc.:

We have audited the financial statements of Opportunities Industrialization Centers of America, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated May 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Opportunities Industrialization Centers of America, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunities Industrialization Centers of America, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiency 09-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.



A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiency 09-02 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opportunities Industrialization Centers of America, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, the Board of Trustees, others within the entity and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

May 6, 2010



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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors,
Opportunities Industrialization Centers of America, Inc.:

Compliance

We have audited the compliance of Opportunities Industrialization Centers of America, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to its major Federal program for the year ended June 30, 2009. Opportunities Industrialization Centers of America, Inc.'s major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Opportunities Industrialization Centers of America, Inc.'s management. Our responsibility is to express an opinion on Opportunities Industrialization Centers of America, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Opportunities Industrialization Centers of America, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Opportunities Industrialization Centers of America, Inc.'s compliance with those requirements.

In our opinion, Opportunities Industrialization Centers of America, Inc. complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-03.



Internal Control Over Compliance

Management of Opportunities Industrialization Centers of America, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Opportunities Industrialization Centers of America, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Opportunities Industrialization Centers of America, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

WithumSmith+Brown, PC

May 6, 2010

**Opportunities Industrialization Centers of America, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009**

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified

Identification of major programs:

CFDA Number	Name of Federal Program	
93.086	U.S. Department of Health and Human Services/ Healthy Marriage Promotion and Responsible Fatherhood Grants	\$ 450,659
Dollar threshold used to distinguish between type A and type B programs:		\$ 300,000
Auditee qualified as a low-risk auditee?		No

Opportunities Industrialization Centers of America, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section 2 – Financial Statement Findings and Federal Awards Findings and Questioned Costs

09-01

Condition

Material journal entries were required to be made to the Corporation's books and records to properly reflect activities. Required journal entries included adjustments to various expense accounts, accrued expenses, adjustment of certain revenue accounts and grants and contracts receivables and payables.

Criteria

Federal and state regulations require all recipients of government funds maintain accurate, current and complete disclosure of their financial accounts. The Corporation did not maintain its fiscal records in accordance with the required regulations.

Cause

The Corporation does not have a formal, documented set of monthly account responsibilities and reporting policies, practices and procedures.

Effect

As a result of the condition reported above; accurate monthly or annual reporting to the Corporation's funding sources, management and its Board of Directors was compromised during the fiscal year.

Recommendation

We recommend the Corporation develop a formal documented set of monthly account responsibilities and reporting policies, practices and procedures. This would include the most basic bookkeeping and reporting practices.

Management's Comment

The Board of Directors and management of the Corporation concur with the finding as reported above and will take steps to implement a formal documented set of monthly account responsibilities and reporting policies, practices and procedures.

09-02

Condition

Management has not documented its performance of an internal fraud risk assessment.

Criteria

Management is responsible for establishing and monitoring the Corporation's fraud risk assessment. This assessment includes a proactive process by which the Corporation's management identifies and measures the risk that either fraudulent financial reporting or misappropriation of assets could occur and not be detected. It also includes evaluating and modifying the control environment and procedures to mitigate the risk areas identified and monitoring the preventive and detective internal controls and other policies to ensure the fraudulent acts do not occur.

Cause

Management has a working knowledge of internal fraud risk, but has not documented it.

Effect

The Corporation may not have the necessary policies and procedures in place to mitigate the risk of fraud in the areas of concern.

Opportunities Industrialization Centers of America, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Recommendation

We recommend the Corporation complete a fraud risk assessment to identify the particular fraud risk areas of concern and determine whether the policies and procedures in place mitigate the risk of fraud to the Corporation. This assessment should be reviewed and discussed with the appropriate committee of the Board and the results of the assessment disclosed to the entire Board.

Management's Comment

The Board of Directors and management of the Corporation concur with the finding as reported above and will take steps to perform an internal control risk assessment.

09-03

Condition

The financial statements, single audit of federal programs and filings of the Federal OMB data collection form were not completed in a timely manner after the June 30, 2009 year end, and considerably later than the reporting deadlines.

Criteria

The OMB data collection form is required to be filed with the federal clearinghouse within nine months of the end of the fiscal year (March 31, 2010).

Cause

The audit of the fiscal year ending June 30, 2009 did not commence until February 2010.

Effect

The data collection form, when filed will be beyond the filing date requirement.

Recommendation

We recommend the immediate filing of the data collection form with the federal clearinghouse by the Corporation, upon the completion of the 2009 audit, and that policies be implemented to meet such filing deadlines in a timely manner in the future.

Management's Comment

The Board of Directors and management of the Corporation concur with the finding as reported above and will immediately cause the 2009 data collection form to be filed upon the conclusion of the 2009 audit, and take steps to meet future filing deadlines.

Opportunities Industrialization Centers of America, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section 3 – Follow Up Prior Year Audit Findings

Our audit report for the year ending June 30, 2008 included certain findings, the current status of those findings are as follows:

08-01

Condition

Material journal entries were required to be made to the Corporation's books and records to properly reflect activities. Required journal entries included adjustments to depreciation expense, adjustments to accrued expense and adjustment of certain contract revenues, receivables and payables.

Current Status

A similar finding for the current audit period is being made, see item 09-01 of the schedule of findings and questioned costs.

08-02

Condition

Management has not documented its performance of an internal fraud risk assessment.

Current Status

A similar finding for the current audit period is being made, see item 09-02 of the schedule of findings and questioned costs.

08-03

Condition

The financial statements, single audit of federal programs and filings of the Federal OMB data collection form were not completed in a timely manner after the June 30, 2008 year end, and considerably later than the reporting deadline.

Current Status

A similar finding for the current audit period is being made, see item 09-03 of the schedule of findings and questioned costs.